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DONOVAN WORDEN, SR., 1892-1967
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RECEIVED

NOV 16 2007

Ravalli County Commissioners

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November 15, 2007

Ravalli County Commissioners
215 S. 4th St. Suite A
Hamilton, MT 59840

Re: Our Client: North Star Aviation, Inc. - FBO
Lease of Airport Premises
Our File No.: 12051-001

Dear Ladies and Gentlemen:

Please be advised that this office represents North Star Aviation, Inc. (hereafter "North Star".) As you know, North Star is a lessee under an airport lease with the Ravalli County Board of County Commissioners as lessor dated July 1, 2006. Unfortunately, by virtue of the letter that you forwarded to Steve Wolters and North Star with a stated date of August 6, 2006, which I believe is more accurately shown as August 6, 2007, it is our client's position that the Ravalli County Commissioners have materially defaulted on the terms of the airport lease agreement. Specifically, the course of performance and course of dealing between North Star and Ravalli County allows for the free use of ramp space located in front of the North Star hanger, allows for unlimited parking for North Star employees and customers in the automobile parking lot located in front of the North Star hanger, and has traditionally allowed for tie down parking areas for airplanes on a first come, first serve basis.

The August 6 letter from the Ravalli County Commissioners improperly impose additional restrictions on our client apparently in response to a "FAA Settlement June 7, 2007; permanent file # 590327 Ravalli County Settlement Agreement". I believe that the settlement agreement to which said letter is referring is the settlement agreement entered into between Ravalli County and Mark Fournier doing business as Pogo Pumps, Viper Air and/or Hamilton Aviation. Our client was not a party to said settlement agreement or the underlying litigation which resulted in said settlement. In fact, when the settlement was negotiated between Mr. Fournier and Ravalli County our client was expressly excluded from said negotiations, The fact that Ravalli County

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George Corn;
Paz Gough*

November 15, 2007

Page 2

has subsequently attempted to impose obligations on our client inconsistent with our client's established rights under the lease, by virtue of its agreement with Hamilton Aviation not only constitutes a material breach of our client's airport lease but also may amount to a civil conspiracy and/or unfair trade practice.

Please consider this letter as demand on the part of North Star Aviation that the Ravalli County Commissioners reconsider and discontinue the conditions imposed in the letter dated August 6, 2006 and specifically remove any restriction on the placement of airplanes on the ramp area directly outside of North Star's hanger inconsistent with the parties course of performance and dealing for the last 25 years. By this letter we also ask that the County remove any limitations on automobile parking outside of North Star's hangar as well as any restriction on airplane parking inconsistent with the parties course of performance.

As you know, FAA regulations prohibit economic discrimination. (See, Airport Assurances Para. C. 22. 49 USC§ VII) As you also know, the sale of fuel is the economic lifeblood of an FBO. The actions of the Commissioners in allowing Mr. Fournier and his companies to place their over-sized fuel pump and tank at its present location, nearer to the runway than the North Star pump, harms North Star in that its customers, because of location and convenience, purchase gas from Mr. Fournier and not from North Star. The size of Mr. Fournier's tank and its location near the runway not only raises airport safety questions, but improperly discriminates against North Star. Moreover, the designated location for Hamilton Aviation's new fuel pump is likewise much closer to the runway than the North Star pump and thus also discriminatory. My client proposes that Mr. Fournier's new pump be set back in line with the east side of their new building or alternatively, that North Star be allowed to place its pump in the fueling space Mr. Fournier is now vacating.

It is unfortunate that the County's actions in trying to placate competing FBO's has unreasonably injured our client. In any case, we have been instructed that unless these issues are satisfactorily resolved within 20 days we are to proceed forward with filing the enclosed complaint. It remains our clients hope that these issues can be resolved without the necessity of litigation but as it turns out litigation and/or the threat of litigation made by our clients competitors has manipulated the Ravalli County Commissioners to take positions that ultimately amount to a material breach of the terms of our client's airport lease. ✓

Please contact me or have the Ravalli County Attorney's office contact me regarding these issues. I look forward to your prompt reply.

Sincerely,



Martin S. King

encl.

cc: Ravalli County Attorney's Office; Attention Alex Beal
North Star Aviation, Inc.

1 Martin S. King, Esq.
2 WORDEN THANE P.C.
3 Attorneys at Law
4 P.O. Box 4747
5 Missoula, MT 59806-4747
6 Telephone: (406) 721-3400
7 Facsimile: (406) 721-6985

8 Attorneys for North Star Aviation, Inc

9 MONTANA TWENTY-FIRST JUDICIAL DISTRICT COURT, RAVALLI COUNTY

10 NORTH STAR AVIATION, INC, a Montana
11 corporation;

12 Plaintiff,

13 -vs-

14 RAVALLI COUNTY, MONTANA, a political
15 subdivision of the state of Montana; RAVALLI
16 COUNTY BOARD OF COUNTY
17 COMMISSIONERS; JAMES E. ROKOSCH;
18 GREG CHILCOTT, ALLEN THOMPSON, and
19 KATHLEEN DRISCOLL; CARLOTTA
20 GRANDSTAFF in their capacity as the County
21 Commissioners of Ravalli County Board of County
22 Commissioners;

23 Defendants.

Dept. No.
Cause No. DV -

COMPLAINT AND DEMAND FOR
JURY TRIAL

24 COMES NOW, the Plaintiff North Star Aviation, Inc. (hereinafter "Plaintiff or "North
25 Star"), and for its complaint against the Defendants states as follows:

26 ALLEGATIONS COMMON TO ALL CLAIMS FOR RELIEF

1. The Plaintiff, North Star is corporation existing under the laws of the State of Montana.
At all time relevant hereto North Star has been conducting business as a Fixed Base Operator
("FBO") at the Hamilton, Airport in Hamilton, Montana.

2. Defendant Ravalli County is a duly constituted political subdivision of the State of
Montana. Defendant Ravalli County owns the Ravalli County Airport (hereinafter "Airport").

1 3. The Defendant Ravalli County Board of County Commissioners is comprised of
2 Defendants James E. Rokosch, Greg Chilcott, Allen Thompson, Kathleen Driscoll and Carlotta
3 Grandstaff (hereinafter collectively "Ravalli County Commissioners"). The Ravalli County
4 Commissioners supervise, administer and govern the Ravalli County Airport in their capacity as
5 the County Commissioners for Defendant Ravalli County.

6 **COUNT I - BREACH OF CONTRACT**

7 4. Plaintiff realleges paragraphs 1 - 3.

8 5. Defendants Ravalli County Commissioners lease hangar and other space at the
9 Ravalli County Airport. North Star has leased hangar and other commercial space at the Ravalli
10 County Airport for more than 20 years.

11 6.. On April 27, 2006, Ravalli County Commissioners executed a written lease
12 entitled "LEASE of Airport Premises" with North Star, to begin on June 1, 2006 and effective for
13 twenty (20) years. Said LEASE is hereafter called the "Lease" or the "North Star Lease" and a
14 true and correct copy is attached hereto and incorporated herein as Exhibit "A". Pursuant to the
15 terms of the North Star Lease North Star is authorized to use the commercial space covered by the
16 North Star Lease for "those services provided by an FBO". (North Star Lease at paragraph 4, page
17 2.)

18 7. North Star's FBO is a private aircraft service center, providing services such as
19 fueling, airplane and automobile parking, tie down, ground transportation, computer access,
20 restroom and other personal services, radio and instrument service, and other various ground
21 services.

22 8. To effectuate the services required to be supplied as an FBO North Star has for
23 many years used the airport ramp area located immediately adjacent to North Star's hangar for
24 parking and aircraft repair and service on aircraft owned by North Star customers. Although the
25 North Star Lease is silent on the use of adjacent ramp space, as were the prior leases executed by
26 North Star and the Defendants, the continuous course of performance and course of dealing

1 between North Star and the Defendants, dating back many years, reflect that use of adjoining ramp
2 space is necessary for operation of an FBO and that by virtue of the parties course of performance
3 and course of dealing, use of said space is and always has been a substantial and material
4 provision of the North Star Lease.

5 9. To effectuate the services required to be supplied by an FBO North Star has for
6 many years had access for itself and for its customers to unrestricted automobile parking in the
7 parking lot located in front and near North Star's hangar. Employee and/or customer parking
8 areas were not otherwise specifically provided for or designated by the Airport. Although the
9 North Star Lease is silent on the issue of designated parking spaces for automobiles, as were the
10 prior leases executed by North Star and the Defendants, the continuous course of performance and
11 course of dealing between North Star and the Defendants, dating back many years, reflect that
12 unrestricted use of automobile parking located outside of North Star's hangar by virtue of the
13 parties course of performance and course of dealing, is and always has been a substantial and
14 material provision of the North Star Lease.

15 10. Although the North Star Lease is silent on the use of adjacent airport parking
16 spaces by North Star customers, as were the prior leases executed by North Star and the
17 Defendants, the continuous course of performance and course of dealing between North Star and
18 the Defendants, dating back many years, reflect that North Star has always been provided
19 unlimited access to airport airplane parking by virtue of the parties course of performance and
20 course of dealing and that North Stars unlimited use of said parking spaces is and always has been
21 a substantial and material provision of the North Star Lease.

22 11. Despite the parties course of performance and course of dealing the Defendants
23 have materially breached the North Star Lease agreement by demanding that North Star
24 discontinue using the ramp space adjoining North Star's hangar first claiming its was a "taxi way"
25 and then later alleging it was a "ramp movement area". The actions of the Defendants constitutes a
26 material breach of the North Star Lease as amended by the parties course of performance and

1 course of dealing, said breach which has and continues to proximately cause damage to the
2 Plaintiff in an amount to be proven at trial.

3 12. Despite the parties course of performance and course of dealing the Defendants
4 have materially breached the North Star Lease agreement by demanding that North Star
5 discontinue using the automobile parking space adjoining North Star's hangar that North Star has
6 used for many years. The actions of the Defendants constitutes a material breach of the North Star
7 Lease as amended by the parties course of performance and course of dealing, said breach which
8 has and continues to proximately cause damage to the Plaintiff in an amount to be proven at trial.

9 13. Despite the parties course of performance and course of dealing the Defendants
10 have materially breached the North Star Lease agreement by demanding that North Star
11 discontinue using airplane parking spaces that have been consistently used by North Star for many
12 years. The actions of the Defendants constitutes a material breach of the North Star Lease as
13 amended by the parties course of performance and course of dealing, said breach which has and
14 continues to proximately cause damage to the Plaintiff in an amount to be proven at trial.

15 14. In addition to other damages North Star is entitled to recover from the Defendants
16 for their breach of the North Star Lease, North Star's costs and reasonable attorneys fees pursuant
17 to paragraph 12 of the North Star Lease.

18 **COUNT II - SPECIFIC PERFORMANCE**

19 15. Plaintiff realleges paragraphs 1 - 14 above.

20 16. Monetary damages alone will not fully compensate the Plaintiff for damages
21 incurred as a proximate result of Defendants breach of contract. Thus, in addition to monetary
22 damages the Plaintiff requests that the court declare that in addition to other relief the Defendants
23 be ordered to specifically perform the terms of the North Star Lease including make ramp area and
24 parking available to the Plaintiff consistent with the parties course of performance and course of
25 dealing.
26

1 **COUNT III - BREACH OF THE COVENANT OF GOOD FAITH AND FAIR DEALING**

2 17. Plaintiff realleges paragraphs 1 - 16.

3 18. There is implied in every contract, including the North Star Lease, an implied
4 covenant of good faith and fair dealing. Said covenant requires honesty in fact and observance of
5 reasonable commercial standards of fair dealing in the trade. A violation of the implied covenant
6 constitutes a breach of the contract.

7 19. Defendants violated the implied covenant present in the North Star Lease by
8 unilaterally modifying the terms of the North Star Lease as set forth in paragraphs 11, 12 and 13
9 above, in breach of the North Star Lease. The Defendants conduct in attempting to modify the
10 North Star Lease was done not honestly or in good faith but in order to placate another FBO who
11 was threatening to sue the Defendants.

12 20. The Defendants actions in unilaterally attempting to modify the North Star Lease
13 violates the implied covenant of good faith and fair dealing, constitutes a breach of the North Star
14 Lease and has proximately caused damage to the Plaintiff in an amount to be proven at trial.

15 21. In addition to other damages arising from the Defendants breach of the implied
16 covenant and thus the North Star Lease, the Defendants are entitled to recover their costs and
17 reasonable attorneys fees pursuant to the terms of the Lease.

18 **COUNT IV- DECLARATORY JUDGMENT AND INJUNCTIVE RELIEF**

19 22. Plaintiff realleges paragraphs 1 -21.

20 23. Pursuant to regulations of the Federal Aviation Administration a public agency
21 sponsor such as the Defendants may not discriminate between FBO's .

22 24. The Defendants have violated the applicable FAA regulations by discriminating
23 against North Star by allowing competing FBO's to place over-sized fuel tanks and related
24 equipment closer and more convenient to the runway at the Hamilton Airport while at the same
25 time requiring North Star to place fuel pumps and related equipment and at a location further
26 away and more inconvenient. The consequence of said discrimination is that clients of North Star

1 purchase fuel from another FBO because of the location and convenience of said fuel pump.

2 25. Plaintiffs request a declaration under the Unifrom Declaratory Judgment Act and
3 related provisions that the conduct of the Defendants in directing and allowing the placement of
4 fuel pumps for FBO's at the Hamilton Airport is discriminatory under FAA regulations and
5 federal law .

6 26. Plaintiffs further request injunctive relief and damages from the Defendants for the
7 discriminatory conduct in such form as shall be proven at trial.

8 WHEREFORE, the Plaintiff prays for the following relief:

9 1. For judgment against the Defendants for damages caused to the Plaintiff by the
10 Defendants breach of the North Star Lease in an amount to be proven at trial;

11 2. For judgment against the Defendants for damages cause to the Plaintiff by the
12 Defendants breach of the implied covenant and good faith and fair dealing in an amount to be
13 proven at trial;

14 3. For an order requiring the Defendants to specifically perform the terms of the North Star
15 Lease including specifically allowing ramp and parking space to North Star consistent with the
16 parties historical course of performance and course of performance;

17 4. For a declaration that the Defendants are discriminating against the Plaintiff North Star
18 in violation of FAA regulations, for injunctive relief enjoining the Defendants from continuing
19 with said discrimination and for damages in an amount to be proven at trial.

20 5. That in addition to other relief the Plaintiff have a judgment for its costs and reasonable
21 attorneys fees;

22 6. For such other relief allowable under the facts and law of this case;

1 Dated this ____ day of October, 2007.

2 WORDEN THANE P.C.
3 Attorneys for Plaintiffs

4
5 By: _____
6 Martin S. King

7 **DEMAND OF JURY TRIAL**

8 The Plaintiff hereby demands a jury trial on all issues so triable.

9 Dated this ____ day of October, 2007.

10 WORDEN THANE P.C.
11 Attorneys for Plaintiffs

12
13 By: _____
14 Martin S. King

15
16 MSK/ams/07012882.wpd

Ravalli County Airport

LEASE of Airport Premises

#516

1. Parties

This lease is entered into by and between Ravalli County Commissioners, hereafter referred to as Lessor, and
North STAR Aviation, Inc
210 Airport Road #C-1, Hamilton, MT 59840
(Name and Address), hereafter referred to as a Lessee.

2. Purpose Of Lease

For and in consideration of the covenants and payments hereinafter provided, the Lessor hereby leases unto the Lessee that certain parcel of the Ravalli County Airport designated as Site 516 (formerly 4C-1) according to the Ravalli County Airport Layout Plan (ALP), consisting of 1422-57846-8685 square feet for aviation related purposes. No residential housing is allowed at the airport which includes any residential use of an aircraft hangar or other building. The area to be leased is specifically described in Exhibit A to this document and, by reference, is incorporated into and made part of this lease.

3. Term of Lease

The term of this lease shall be for 20 year(s), commencing on the 1st day of July, 2006, and ending on the 30th day of June, 2026, unless terminated as provided in Section 10 of this lease. Lease period subject to sale at any time as provided in MCA 7-8-2231(2)(a).

4. Use of Airport Premises

The Lessee shall pay the Lessor an annual fee as set forth in Part 4A, and the business or commercial use Lessee shall pay the Lessor an additional annual fee as set forth in Exhibit B.

This Lease shall be for the usage marked below:

☐ Private use Hangar (Part 4A) – Premises may be used only to hangar recreational and personal use aircraft owned or used by Lessee.

Ret: Commissioners Office



☐ Business Use Hangar (Part 4A and Exhibit B) – Premises may be used only to hangar business use aircraft owned or used by Lessee.

☒ Commercial Space (Part 4A and Exhibit B) – Lessee shall comply with the Ravalli County Airport Commercial Standards and the provisions of Exhibit B. No business may be established that does not serve the aviation community. Use of this Commercial Space shall be limited to: those

services provided by an FBO.

4A. The fee for the ground area occupied by the structure along with all fees assessed by the Ravalli County Commissioners for use of the Airport shall be \$ 0.09 dollars per square foot to be paid in advance of the year due as per the Ravalli County Airport fee schedule.

The Lessor may increase the lease fee in an amount equal to the average percentage of increase in the National Consumer Price Index on July 1, 2010 and at the end of each five-year period after that beginning July 1 of that fiscal year. Initial lease fees will be pro-rated to July 1 of each fiscal year for purposes of billing.

5. **Renewal Option**

This lease may not be extended beyond its term in accordance with the MCA 7-8-2231(2)(b), however, this lease may be renewed upon proper application.

6. **Notice**

Any notice or demand required or permitted to be given under this lease must be in writing. Written notice shall be deemed given when hand delivered or when mailed by first class mail, postage prepaid, to the addresses specified in this section.

The Lessor representative for purposes under this lease is Ravalli County Commissioners at Ravalli County Administrative Center, 215 S. 4th St., Suite A, Hamilton, MT 59840

The Lessee representative for purpose under this lease is

NORTH STAR AVIATION, INC
210 Airport Road #C-1 HAMILTON, MT
59840

7. Conditions of Use of Leased Premises

No construction or installation of any above ground and/or underground fuel storage tank dispensing system permanently located on airport grounds will be allowed without prior written permission of Lessor.

The Lessee shall not erect any new structure or modify any existing structure on the leased airport property without first obtaining written permission of the Lessor. All structures on the leased property owned by Lessee shall be maintained in good and presentable condition.

The leased areas, including areas surrounding the hangar or commercial space, must be kept presentable by Lessee. The State of Montana Fire Code requires keeping grass and weeds in the area surrounding the hangar or commercial space mowed and keeping the spaces between leased premises free of obstacles. Lessee shall be responsible for compliance as a condition of this lease. County property surrounding leased premises may not be used for outside storage of any items without the express written permission of the Lessor.

Lessee agrees, as a condition of the lease, to comply with the Ravalli County Airport Rules and Regulations in effect on the date of signing and any changes of the Rules and Regulations that may be implemented during the term of the lease.

8. Compliance with Local, State and Federal Laws

The Lessee shall comply with all applicable Ordinances, Regulations, and government Resolutions in the use and occupancy of this lease. The Lessor shall have the right, through its agents or agents of other appropriate governmental agencies, for reasonable ingress and egress, to inspect the premises to assure that Lessee is in compliance with the terms of this lease.

9. Insurance Specifications

The Lessee shall be responsible for acquiring whatever insurance the Lessee deems necessary to safeguard the Lessee's interest in the Lessee's property on the airport and, in this regard, expressly covenants and agrees to assert no claim against Lessor as a result of loss or damage to any business or property built or stored on subject airport belonging to Lessee resulting from actions of any third party.

The Lessee hereby covenants and agrees to take whatever steps the Lessee sees fit to take in protecting the Lessee's person and property from loss or damage as the result of vandalism, malicious mischief, theft, or kindred losses, and, in this regard, agrees to assert no such claim against the Lessor incident thereto. All losses suffered by the Lessee resulting from the criminal activity of others shall be reported to the Ravalli County Sheriff's Department. The Lessor assumes no responsibility for such losses.

10. Termination

Either party may terminate this lease by written notice if the other party defaults in performance of their terms and conditions of this lease and fails to cure such default within thirty (30) days after written notice of such default.

The Lessee shall not be liable to the Lessor for any amount which would have been payable in the future had this lease not been terminated under this section. The Lessee shall be liable to the Lessor only for the amount owed to the Lessor up to the date the Lessee vacates the premises.

The Lessee shall have the right to remove a constructed hangar or commercial building from said property prior to the scheduled end of the term of this lease as set forth in Section 3, or any extension or renewal thereof. If Lessee does not remove said improvements within such allotted time, they shall then become the property of Lessor without further action on the part of Lessor or Lessee. If Lessee does remove the improvements, he shall restore the leased real property to its original condition, or the condition agreed to in writing by Lessor, prior to the scheduled end of the term of this lease as set forth in Section 3.

11. Holdover Tenancy

In the event the Lessee holds the leased land beyond the terms of this lease, in the absence of a written agreement to the contrary, it shall be deemed a month-to-month tenancy subject to all terms and conditions of this lease. Either the Lessor or the Lessee, by means of a 30-day written notice delivered prior to the beginning of the final month of this lease or at any time thereafter, may terminate this holdover tenancy at any time.

12. Venues and Interpretation

The laws of Montana govern this lease. The parties agree that any litigation concerning this lease must be brought in the 21st Judicial District, in and for the County of Ravalli, State of Montana, and the prevailing party shall be entitled to attorney fees and expenses.

13. Sublease

The Lessee may not assign or sublet this lease without prior written consent of Lessor.

14. Hold Harmless and Indemnification Clause

Lessee will indemnify and hold harmless County of Ravalli, Ravalli County Commissioners, Ravalli County Airport Advisory Board and any of their employees from any loss, liability or expense for injury to or death to any person, or loss or destruction of any property caused by Lessee's negligent use or occupancy of the leased premises.

15. Environmental hazards

The Lessee agrees that all solid wastes will be properly disposed of off site in accordance with Montana Law. It is the responsibility of the Lessee to have such waste disposed of off site in a timely matter.

All hazardous wastes (including without limitation ignitable, corrosive, reactive or toxic materials) are to be properly disposed of off site in accordance with Federal and Montana laws and regulations. It is the responsibility of the Lessee to have the waste disposed of off site in the time frame required by the Resource, Conservation and Recovery Act. In the event that the Lessee leaves wastes on the property, the Lessor will have the wastes properly disposed of at the expense of the Lessee. In the event legal action is taken to enforce the Lessee's obligations hereunder Lessor shall be entitled to recover its expenses, including attorney fees and costs.

All hazardous materials located on the leased premises must be appropriately labeled and stored.

In the event that a hazardous material spill occurs on the property the Airport Manager must be notified immediately. It is the responsibility of the Lessee to have the spill cleaned up promptly. In the event that drains or floor sumps are contaminated, it will be the responsibility of the Lessee to clean up those systems.

Lessee shall be aware and knowledgeable of these significant penalties for improperly disposing of the wastes or submitting false information, including the possibility of fine and imprisonment for violations.

16. Lease Approval

This entire lease, in addition to any change, alteration, or renewal thereof, addendum, amendment, or letter of understanding, is subject to prior approval by Ravalli County Commissioners.

17. Rescission of Prior Agreements

Upon execution, this Lease rescinds and replaces any pre-existing lease or other agreement between the parties and/or their predecessors in interest pertaining to the property which is the subject of this Lease.

18. Severability/Entire Contract

If any provision of this lease is held to be illegal or void, the validity of the remaining items shall not be affected. This lease agreement consists of six (6) numbered pages and three (3) attachments labeled "Exhibit A", "Exhibit B", and "Exhibit C". This document contains the entire agreement of both parties. Any alteration or modification to this lease requires a written amendment signed by both parties.

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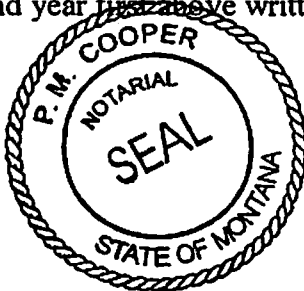
IN WITNESS WHEREOF, the parties have signed this agreement this _____ day
of APR 27 2006, 20_____.

North Star Aviation Inc
by Steve Walters, Pres
Lessee

STATE OF MONTANA)
)ss
COUNTY OF RAVALLI)

On APR 27 2006
Steve Walters and Pres of North Star Aviation, Inc.
personally appeared before me
known to me to be the persons whose names are subscribed to the foregoing
document, and acknowledged to me that they executed the same as
North Star Aviation, Inc. who acknowledged to me that he/she executed the
document as Lessee.

IN WITNESS WHEREOF, I have affixed my signature and official seal
the day and year first above written.



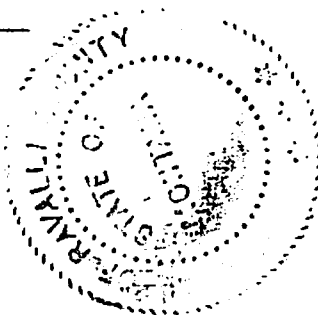
[Signature]
Notary Public for State of Montana
Residing at DEC 02 2006, Montana
My Commission expires _____

P.M. COOPER
NOTARY PUBLIC for the State of Montana
Residing at Hamilton, Montana

RAVALLI COUNTY COMMISSIONERS
Lessor

By [Signature]
Chairperson

Attest: Nedra P. Taylor
Ravalli County Clerk and Recorder



**Ravalli County Airport
Exhibit C- New Construction**

1. Approval Procedures for New Construction

The following procedures are established to facilitate the lease of Ravalli County Airport property for the purpose of new construction. For purposes of this Exhibit C, the term "hangar" includes commercial buildings constructed pursuant to a Commercial Space lease.

- 1A. Requests for lease of Ravalli County Airport property for the purpose of new hangar construction shall be submitted to the Airport manager in the form of a letter.

1A (a). The letter of request shall include the proposed construction site, the proposed dates of construction start and completion, and a scaled drawing of the proposed hangar building, indicating the type of construction and hangar width, depth, and height dimensions. The letter of request shall affirm that the proposed hangar will conform to the "Uniform Construction Requirements for Individual Hangars" (section 2 below) on Ravalli County Airport property.

1A (b). On any development, a one-time fee in the amount set forth in the current Ravalli County Airport fee schedule shall accompany the letter of request. Checks shall be made payable to Ravalli County. It is to be understood that this fee is for common use of the Ravalli County Airport facilities such as mowing, snow removal, light maintenance, etc. It is not for providing utility hook-ups or hangar ramp construction. These are the sole responsibility of the hangar owner unless otherwise stated in writing and approved by the Ravalli County Commissioners.

1A (c). Address the letter of request to: Airport Manager, Ravalli County Airport, Ravalli County Administrative Center, 215 S. 4th St., Suite A, Hamilton, MT 59840

- 1B. Following receipt of a letter of request, the airport manager will verify conformity of the proposed new hangar with the "Uniform Construction Requirements for Individual Hangars" (section 3 below) and submit the letter of request to the Ravalli County Commissioners with a recommendation for either approval or disapproval.

1B (a). In the event that the request is disapproved by the Ravalli County Commissioners, the Airport manager will communicate, in writing, to the person(s) initiating the request, the reason(s) for disapproval.

- 1C. Upon approval of the request by the Ravalli County Commissioners, the Airport Manager will prepare and submit the request to the regional office of the Federal Aviation Administration, FAA Form 7460-1, together with the scaled drawing of the proposed new hangar building.
- 1D. Upon receipt of regional FAA office approval, the Airport Manager will prepare a Hangar Ground Lease agreement.
- 1E. Ground shall not be broken until a Hangar Ground Lease agreement has been fully executed.

2. Uniform Construction Requirements for Individual Hangars

- 2A. Construction of hangars at Ravalli County Airport must conform to all requirements of the airport rules and regulations.
- 2B. Foundations and hangar location:
 - 2B (a). Foundations must be a concrete slab.
 - 2B (b). Hangar side and rear walls must be ten (10) feet minimum from the lot boundary and twenty (20) feet minimum from the nearest existing structure unless any other distances are agreed to in writing and approved by the Ravalli County Commissioners.
 - 2B (c). The front wall must be a minimum of fifty (50) feet off the taxiway centerline for "E" and "W" location hangars and aligned with existing hangars. For the area south of the current Blocks 6 and 7, the hangars must be built a minimum of sixty-five (65) feet from the taxiway centerline and one hundred thirty (130) feet minimum between hangar fronts.
- 2C. The frame construction may be either wood or metal or a combination of wood and metal.
- 2D. Sidewalls and roofing exteriors are to be metal, either Delta Rib or corrugated style, or a compatible exterior approved by the Ravalli County Commissioners.
 - 2D (a). Sidewalls are to be a minimum of twelve (12) feet high.
 - 2D(b). The hangar size is to be a minimum of forty (40) by forty (40) feet or sixteen hundred (1600) square feet.

2E. Accessories:

2E (a). A main door is required, but the type and style is optional. The door must be installed within one year after completion of the main structure.

2E (b). The location and style of other doors and windows is optional.

2E (c). Utilities must be underground. Lessee is totally responsible for their utilities including but not limited to electric power, gas, water, sewer and phone.

2F. Exterior colors must be harmonious with existing structure.

2F (a). All proposed combinations must receive prior acceptance by the Ravalli County Commissioners.

2F (b). The manufacturer's color may be retained on man sliding or bi-fold doors with prior acceptance by the Ravalli County Commissioners.

2G. If the Lessee has a front-located water well, it must be a maximum distance from the taxiway to pose no hazard to passing aircraft.

2H. Hangar aprons are to be of a non-transferable material and must be culverted to allow for contoured drainage.

3. General Information on Hangar Site Leases and Construction

3A. When proposing construction or alteration of a hangar at Ravalli County Airport, use Form FAA 7460-1 and a scaled drawing of the proposed hangar for submission to the FAA regional office.

3B. A building permit/plan review application must be submitted to the Montana Department of Commerce- Building Codes Bureau at P.O. Box 200517, Helena, MT 59620 (telephone- 1-406-444-4239).

3C. FAA regulations require specified distances from the taxiway center line to the front of the hangar, depending on the type of aircraft. Lessees (hangar owners) are wholly responsible for all construction costs for the access from/to their hangar and the airport taxiway.

3D. Completion of Hangar Construction within 18 months of the beginning of the lease term. This date may be extended following a written application and approval by the Commissioners.

3E. Excavated soil from the hangar construction site shall be piled at an airport

location to be determined by the Airport Manger. Excavated soil
is the property of the Ravalli County Airport.

Ravalli County Airport
Exhibit B - Provisions relating to leases for Business Use Hangars and
Commercial Space

1. As additional consideration for the privilege of using the leased premises for business or commercial related activities, the Lessee shall pay the Lessor an annual commercial use fee in the amount of \$120.00, as per the Ravalli County Airport fee schedule.
2. Temporary commercial operations and/or special needs/circumstances will be addressed on an individual basis as necessary. Any commercial activity taking place on Ravalli County Airport property shall be approved in writing prior to commencing the commercial activity requested.
3. The Lessee shall provide a policy of liability insurance issued by an insurance company acceptable to Lessor, protecting against personal injury or property damage resulting from the actions, or failure to act, of Lessee or its agents with coverage in the amount of at least \$ 1,000,000. The Lessor shall be named as an additional loss payee. Failure to acquire and maintain such liability insurance shall be cause for immediate termination of this lease.

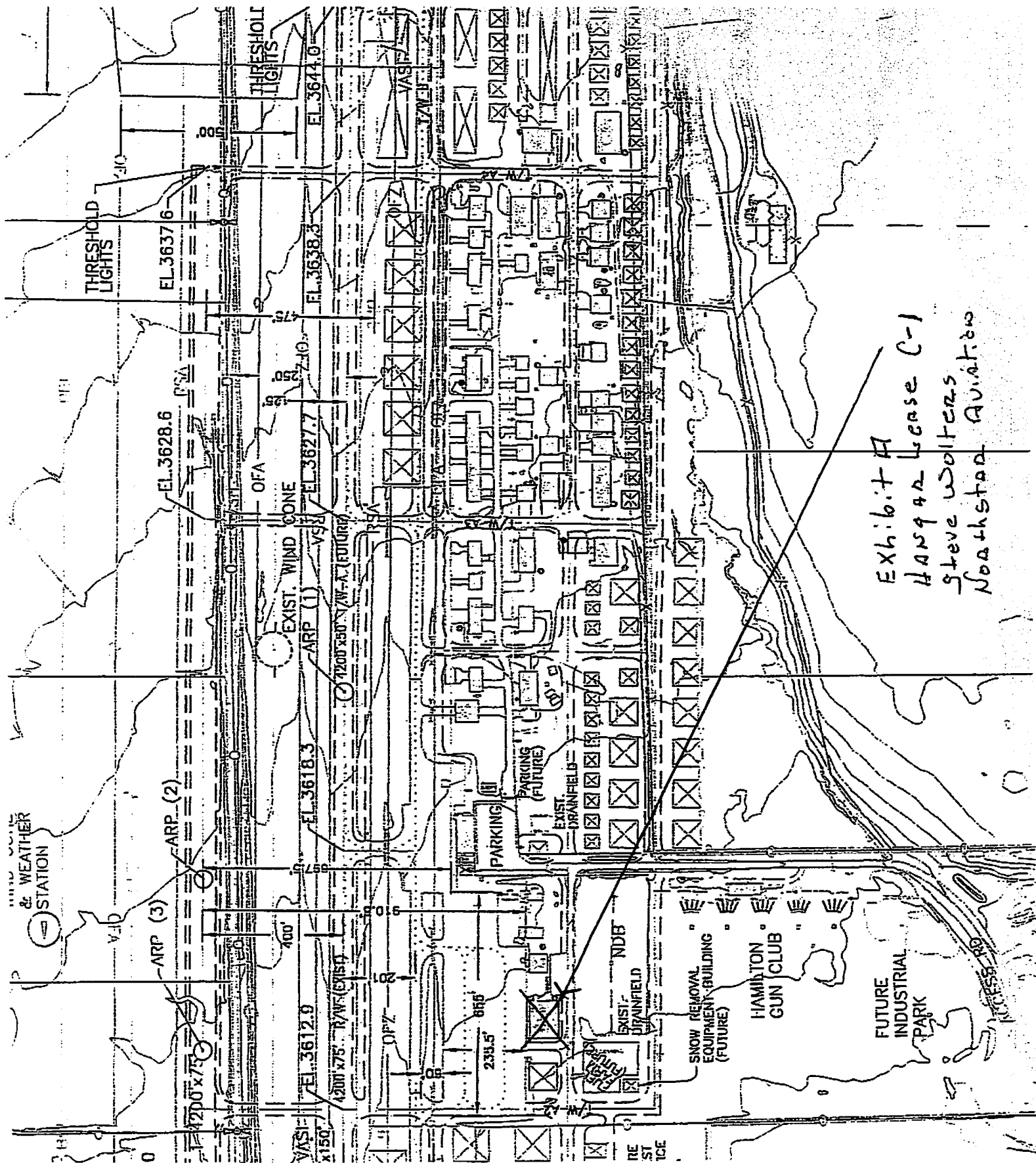


Exhibit A
Hansgaard Lease C-1
Steve Walters
Northstar Aviation

